

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

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Commentary

November 2022

The NAV of the CC Japan Income & Growth Trust rose 7.7% in sterling terms during November reflecting the rally in global equities and the appreciation of Yen exchange rates. Global equity markets moved sharply higher as expectations for substantially tighter monetary policy in the US faded and comments from officials in China suggested some of their zero-covid policy restrictions may be eased. One notable consequence of these developments was a weakening of the US\$ with the Yen/Dollar cross rate falling from a peak of over Y150/\$ to Y139.4/\$ at the end of the month. The Yen strength was less pronounced against GBP but the exchange rate did fall from Y171.4/GBP to Y166.5/GBP which reversed the sharp move of the previous month and boosted the reported NAV.

The Japanese Government restored visa waiver travel and removed testing requirements for entry on October 11 which has allowed the CCAM investment team to begin visiting companies in Japan once again as well as leading to a large number of meeting requests in London from the management of many leading companies. A recurring theme in many of these meetings is the prospect of a labour shortage in Japan as the economy reopens following the removal pandemic restrictions. It is clear that the consequences for every company will be somewhat different and therefore will require responses and strategies specific to each. From an investment standpoint this will create both challenges and opportunities and we believe will be an important consideration in coming years.

With the working-age population in a downtrend and labour participation rates at comparable levels to other economies, there is an urgency for companies to consider workplace initiatives beyond the traditional seniority based life-time employment practices of the past. Companies such as Nippon Telegraph and Telephone have spoken historically of the very significant cost benefits of the retirement bulge of 50-60 year olds over the next few years but now also the growing need to retain certain retirees (albeit on lower wages) to ensure that their business can continue to grow. This necessity to look beyond the standard working population, combined with cultural changes and ongoing investment to automate simple labour intensive tasks, has resulted in increased labour mobility and mid-career job changes. Companies in the portfolio which we believe can directly benefit from these changes include Dip (job matching and labour saving AI), Technopro (outsourcing of skilled engineers) and Benefit One (benefit programmes for company employees).

Fund Statistics		Investment Objective			Dividend (in GBP)							
Market Value	£219m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.	No. Stks	%	Dividends Declared	YE Oct 2022	YE Oct 2021	YE Oct 2020	YE Oct 2019	YE Oct 2018	YE Oct 2017	YE Oct 2016
No. Ordinary Shares in issue	134,730,610				Jun/Jul	1.40	1.40	1.40	1.40	1.25	1.15	1.00
Launch date	Dec 2015				Jan/Feb		3.35	3.20	3.10	2.50	2.30	2.00
NAV per Ordinary Share cum Income GBP	162.76				Total	1.40	4.75	4.60	4.50	3.75	3.45	3.00
NAV per Ordinary Share ex Income GBP	159.09	Book Exposures			Discrete performance (%) full calendar years ⁽¹⁾							
Ordinary Share Price GBP	153.00				Total Return	2021	2020	2019	2018	2017	2016	
Premium (Discount)	(6.0%)	Dividend Growth	33	98.0	Ord Share Price	12.39	-9.09	10.79	-6.72	37.48	13.18	
Subscription Share Price GBP	0.525	Special Situations	4	10.9	NAV (cum inc)	10.79	1.23	20.93	-10.96	30.49	21.13	
Dividends Paid	Aug & Mar	Stable Yield	3	7.7	TOPIX TR in GBP	2.22	9.49	15.65	-8.89	15.50	23.63	
Dividend Yield	3.10% ⁽²⁾	Total	40	116.6								
Active Share	80.07% ⁽³⁾	Cumulative performance (%) ⁽¹⁾										
Financial Calendar Year End	31 October	Total Return		1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception			
Company Fees:		Share Price		10.27	4.88	7.38	7.89	14.73	82.67			
Ongoing charges ratio (OCR) per year (31.10.22)	1.06% ⁽⁴⁾	NAV (cum inc)		7.72	-1.11	1.31	12.08	22.98	96.88			
OCR includes Annual Management Fee:	0.75%	TOPIX TR in GBP		6.00	-4.85	-4.28	6.49	13.78	67.50			
AIFMD Exposure Calculation at 30.06.22		Notes										
Gross	118.41 (% nav)	(1) Source: Independent NAVs are calculated daily by Sanne Fund Services (UK) Limited (by Northern Trust Global Services Limited pre 01.10.17.) From January 2021 Total Return performance details shown are net NAV to NAV returns (including current financial year revenue items) with gross dividends re-invested. Prior to January 2021 Total Return performance details shown were net NAV to NAV returns (excluding current financial year revenue items) with gross dividends re-invested. Ordinary Share Price period returns displayed are calculated as Total Return on a Last price to Last price basis. Past performance may not be a reliable guide to future performance. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. All figures are in GBP or Sterling adjusted based on a midday FX rate consistent with the valuation point. Inception date 15th December 2015. Investments denominated in foreign currencies expose investors to the risk of loss from currency movements as well as movements in the value, price or income derived from the investments themselves and some of the investments referred to herein may be derivatives or other products which may involve different and more complex risks as compared to listed securities. CC Japan Income & Growth Trust plc (the Company) does not currently intend to hedge the currency risk. (2) The yield is calculated using the actual dividends declared during the past 12 months and the closing Ordinary Share price as at the date of this factsheet. This is rounded to 2 decimal places. (3) Source: Refinitiv Eikon (4) Source: OCR is calculated by Sanne Fund Services (UK) Limited. This is rounded to 2 decimal places.										
Commitment	119.94 (% nav)											
Company Codes:												
ISIN - Ordinary Share	GB00BYSRMH16											
Sedol - Ordinary Share	BYSRMH1 GB											
Bloomberg - Ordinary Share	CCJI LN											
ISIN - Subscription Share	GB00BM90B010											
Sedol - Subscription Share	BM90B01 GB											
Bloomberg - Subscription Share	CCJS LN											

Top 10 Holdings	
Holding	(%)
Sumitomo Mitsui Financial	6.7
Mitsubishi UFJ Financial	6.0
Nippon Telegraph and Telephone	5.3
DIP	4.7
Itochu Corp	4.6
Sompo Holdings	4.6
Socionext Inc	4.3
Softbank Corp	4.2
SBI Holdings	3.8
Shin-Etsu Chemical	3.8
Total	48.0

Top 10 Sectors	
Sector	(%)
Info & Communications	16.5
Electrical Appliances	15.0
Chemicals	13.7
Banks	12.7
Services	10.6
Insurance	8.2
Wholesale	7.6
Real Estate	6.9
Transport Equipment	6.3
Retail Trade	5.0
Total	102.5

Company Information

Launch date	15 December 2015
AIC sector	Japan
Fund manager	Richard Aston
Directors	Harry Wells (Chairman), June Aitken, Craig Cleland, Kate Cornish-Bowden, Peter Wolton.

Contact Details

Address	Coupland Cardiff Asset Management LLP 5th Floor, 31-32 St. James's Street London, SW1A 1HD.
Company Secretary	Sanne Fund Services (UK) Limited
Stockbroker	Peel Hunt
Market makers	Peel Hunt, Winterflood Securities.
Website	www.ccjapanincomeandgrowthtrust.com

Key Risks

Liquidity risk – The Company may encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

Credit and counterparty risks – the Company may be exposed to credit and counterparty risks in relation to the securities and counterparties it invests in and with whom it transacts.

Concentration risk – This Company holds a limited number of investments. If one of these falls in value, it can have a greater impact on the Company's value than if the Company held a larger number of investments.

Currency risk – Investing in assets in a currency other than your own exposes the value of your investment to exchange rate fluctuations. Changes in the exchange rate between Sterling and Yen may lead to a depreciation in the value of the Company assets as expressed in Sterling.

Derivatives – the Company may use derivatives as investments or to manage the risk profile of the Company. Their use may increase the risk of losses as well as enhance potential gains as compared to funds that do not use derivatives.

Sustainability Risk - Environmental, social and governance events or conditions could occur that have an adverse impact on the value of the Fund's investments, either directly, or by contributing to the impact or materiality of other risks.

The Company prospectus gives you further details about all the risks for this fund – see under “Important Information” for how to obtain a copy.

Important Information

The Key Information Document and the latest prospectus of the Company are available on the Company's website:

www.ccjapanincomeandgrowthtrust.com.

All data as at 30.11.2022 unless stated otherwise. All information is sourced from CCAM unless stated otherwise.

This factsheet is to provide you summary information about the Company and should not be taken as advice or a recommendation to buy or sell its shares. If you are unsure of the suitability of this product for your investment needs, please contact a financial adviser.

The value of the Company's ordinary and subscription shares will fluctuate. The price of the ordinary and subscription shares in the Company is determined by market supply and demand. The price of the ordinary shares may be different to the net assets of the Company.

The Company may enter into long only contracts for difference or equity swaps for gearing and efficient portfolio management purposes. It may also use borrowing to seek to enhance investment returns. This will exaggerate market movements both up and down. Generally gearing, through borrowings and/or entering into long only contracts for difference or equity swaps, will not exceed the net asset value by more than 20% at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate. Where the Company utilises such instruments, it is likely to take a credit risk with regard to the parties with whom it trades and may also bear the risk of settlement default.

Each subscription share will confer the holder with the right (but not the obligation) to subscribe for one ordinary share on exercise of the rights attaching to the subscription shares and on payment of the subscription price, which is 161 pence (being the unaudited published NAV per ordinary share as at the close of business on 15 February 2021, plus a one per cent. premium to such NAV per ordinary share, rounded up to the nearest whole penny). Notice of the exercise of the subscription share rights may be given on the last business day of each calendar quarter commencing on 31 May 2021 and finishing on the last business day in February 2023, after which the subscription share rights will lapse except in the circumstances set out in the prospectus in respect of the subscription shares.

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All information and research material provided herein is subject to change and this document does not purport to provide a complete description of the funds, securities or other investments or markets referred to or the performance thereof. All expressions of opinion are subject to change without notice.

Shareholders should read the Company's product documentation before investing, including the latest Report and Accounts, the Alternative Investment Fund Managers Directive Disclosure Document and the latest prospectus of the Company as they contain important information regarding the Company, including charges, tax and specific risk warnings and will form the basis of the investment.

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